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14 May 1963

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CENTRAL INTELLIGENCE BULLETIN



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Laos: (Kong Le apparently plans to launch a major offensive in the Plaine des Jarres on 16 May, despite opposition by Premier Souvanna.)

(On 11 May Kong Le's chief of staff, Meo leader Vang Pao and a Lao army representative reportedly agreed on a plan to retake lost neutralist positions. Primary targets are Xieng Khouang, Lat Houang, and Sala Nong Pet, with Khang Khay and Ban Ban secondary targets. The attacking units will be mixed neutralist, Meo, and Lao army units.)

(The US army attaché in Vientiane believes such an attack would probably fail for lack of necessary coordination, timing, and mobility. It might in fact trigger a sharp Communist countermove, possibly involving use of North Vietnamese forces, and result in a rout of Kong Le's troops.)

(Souvanna's opposition reportedly is based on his desire to continue diplomatic and political moves for the time being. He told Kong Le on 9 May he still had "a couple of cards to play." The premier apparently intends to maintain the ICC team in the Plaine des Jarres on a "temporary but continuing" basis, despite pressure by the Polish ICC representative to agree to a return to a daily-visit basis.)

Common Market: (The Common Market's Council appears to have made only limited progress at its 8-9 May meeting toward resolving differences with the US over the tariff negotiations to be held at the GATT ministerial meeting opening in Geneva on 16 May.)

(Although the Council is prepared to take an active part in the Trade Expansion Act negotiations and agreed to engage in automatic and general linear tariff reductions, it avoided endorsement of the US proposal for a 50 percent across-the-board reduction in tariffs. It proposed instead that the GATT ministers establish a working party to evaluate both the US and any other proposals for conducting the negotiations. Considerable backing was evident at the Council meeting for the French plan for "harmonizing" tariffs among the major industrial nations. The EEC Council chairman has said the EEC now expects the US to make a real effort to find some compromise.)

(The Council agreed in principle that agricultural trade should be included in the GATT talks as the US has insisted, but this clearly remains contingent upon the EEC's resolving its internal differences over implementation of its common agricultural policy. With the

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*Syria-Iraq: The 13 May reshuffle of the cabinets in Syria and Iraq has failed to ease the tensions between Baathists and Nasir.

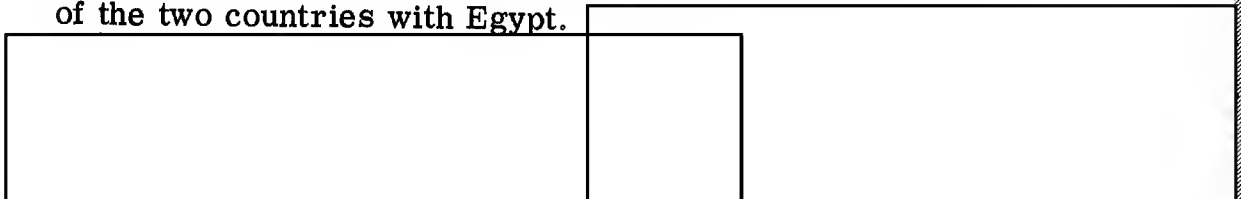
Syria's new cabinet appears to be even more Baathist-dominated than its predecessor and pro-Nasirist elements have been largely replaced by nonpolitical civil servants. Baathist leader Salah al-Din Bitar remains as prime minister, while Army Chief of Staff Hariri has moved into the Defense Ministry post in addition to his previous duties. Hariri, who opposes union with the UAR, seems to be on the way to becoming Syria's strong man.

The Iraqi cabinet is essentially unchanged, except that Baathist leader Ali Salih al-Sadi has been dropped from the Interior Ministry, while retaining the title of deputy prime minister and minister of guidance. Two non-Baath critics of the regime were dropped from their posts. One was replaced by a non-Baathist civil servant and the other by a strong Baathist former general.

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An innovation in both cabinets is the appointment of ministers of state for "unity affairs"--an attempt to continue the fiction that progress is desired toward union of the two countries with Egypt.

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(Cyprus: The Turkish Foreign Ministry says the situation on Cyprus is worsening and "could get out of control.")

(A court ruling late last month left the five major towns on the island without local administration, and Greek and Turkish leaders have publicly acknowledged failure to reach agreement in talks designed to resolve the impasse. This acknowledgment is likely to harden opposing positions still more and thereby make further attempts to reach a compromise more difficult.)

(President Makarios, probably in an effort to ensure continuity of essential services, has stated that the Cyprus Government will rule the towns directly until appropriate legislation is enacted; however, the Cypriot Turks are certain to regard this move as unconstitutional and to insist that Turkish communal councils continue to function until the issue is solved. The Turkish Foreign Ministry claims that Makarios is moving toward unifying the municipal administrations unilaterally--an action that would be unacceptable to the Cypriot Turks.)

(The Turks state they "cannot be sure" of the behavior of Turkish Cypriots under these circumstances; tension has already resulted in one minor intercommunal clash. Turks on Cyprus still remain highly responsive to Ankara's influence, however.)

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Indonesia: The Indonesian Government has informed the three large Western oil companies operating in Indonesia--Caltex, Standard Vacuum, and Shell--that it will impose new regulations to govern their activities effective 16 June.

Presumably these regulations will approximate terms which the companies have previously rejected. According to the companies, the terms have the effect of reducing their share in the proposed formal 60-40 profit split to less than 40 percent.

The companies have been told that they may resume negotiations--apparently before 16 June--if they wish. Should they decide against either resuming negotiations or accepting the new regulations, they have five months in which to close down operations.

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*British Guiana: (Sporadic disturbances are possible in the next few days unless Premier Jagan makes some conciliatory move toward settling the general strike now on its fourth week.)

(Supplies of food and fuel in the colony will not last much longer. Moreover, resupply via Port of Spain will be blocked if dockworkers there join the walkout as their leader is urging. The government has only just begun to use its emergency powers to requisition and distribute existing supplies.)

(Jagan told the legislature again on 10 May that he would not withdraw the controversial labor bill which touched off the strike. Should the government try to break the strike with its East Indian political supporters, as it is thinking of doing, interracial violence could erupt.)

(Jagan may face a no-confidence vote on 16 May when the legislature reconvenes, unless he chooses to side-step the issue by prolonging the state of emergency another two weeks through another gubernatorial proclamation. In any early confidence vote, Jagan's shaky legislative majority probably would hold.)

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Chile: A Chilean commercial mission will visit the Soviet Union, Poland, and Czechoslovakia to discuss trade expansion in late May or early June.

The mission was originally to visit only Western European countries, where it was to discuss financial problems and explore the possibility of concluding commercial agreements. Its itinerary was expanded to include the bloc following recent trade approaches by the Soviet representatives in Santiago.

Chile reportedly hopes to sell its products to the bloc for hard currency, but may conclude barter agreements. The US Embassy in Santiago has been informed that the mission hopes to sell the Soviets 20,000 to 25,000 tons of copper. In 1962, the bloc bought about 4,000 tons of Chilean copper directly; bloc imports of Chilean copper, however, have been as high as 40,000 tons a year through West Germany.

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NOTES

Rumania: Rumania's differences with the USSR over certain CEMA policies remain unresolved. Some Rumanian officials have openly admitted that Bucharest is having difficulty with CEMA, while others have told Western diplomats and newsmen that the regime favors closer cooperation within CEMA but only on the basis of coordination of national economic plans. The Rumanian regime published an editorial on May Day that pointedly stressed the need to base intrabloc relations on "full equal rights" and "strict respect of national independence."

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Brazil: The smoldering military crisis threatens to revive again as a result of last week's scurrilous public attack by President Goulart's brother-in-law, Leonel Brizola, on an army division commander. Several hundred officers have indicated their support of the commander, and War Minister Amaury Krueel reportedly protested Brizola's action directly to Goulart on 11 May. Goulart, who so far has kept silent, appears to be measuring the force of pressure from both left and right prior to taking a position.

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